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THE SPOTLIGHT

BROUGHT TO YOU BY ROBINS KAPLAN LLP'S WEALTH PLANNING,
ADMINISTRATION, AND FIDUCIARY DISPUTES GROUP



Roots, **BRANCHES** and *Wings*

RISKS & REWARDS of GENERATIONAL WEALTH

WELCOME TO THE SPOTLIGHT

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Welcome to the September edition of The Robins Kaplan Spotlight, where we're excited to preview our upcoming CLE on November 14: "Roots, Branches, and Wings: Risks and Rewards of Generational Wealth." This year's program is designed for legal professionals, fiduciaries, wealth advisors, and anyone who guides families through the complexities of wealth transfer and preservation.

In this issue, we feature an insightful interview with one of our keynote speakers, Alan Harter, CEO and Founder of Pactolus, a private wealth management company. With over two decades of experience in wealth management and legacy planning, Alan will offer his expertise on fostering healthy financial legacies that can weather both market fluctuations and the unpredictable nature of family dynamics. His approach balances the technical and emotional challenges of wealth management, making his keynote a must-attend for anyone helping clients navigate these intricate waters.

As we gear up for this year's event, we're anticipating the new ideas, stories, and learning moments that will emerge from the discussions. Our sessions will delve into the pressing legal, financial, and ethical considerations associated with managing and passing down wealth across generations and discuss the impact of historically excluded groups.

Last year's CLE, "Inconceivable! Fiduciary Circumstances That You Never Imagined (But Maybe Should)," brought together an impressive panel of industry professionals who have seen—and resolved—some of the most jaw-dropping fiduciary issues. These real-world stories captivated the audience and left many reflecting on their practices, often remarking, "You can't make this stuff up."

One of the highlights of the 2023 program was our keynote speaker, Katie Engelhart. As a contributing writer for *The New York Times Magazine*, Katie delivered a riveting presentation featuring her cover story "A Story of Dementia: The Mother Who Changed." She discussed exploring the personal and societal challenges of caregiving for those with dementia. It was profoundly moving and provided critical insights for professionals advising clients facing the complexities of elder care. Katie later won the 2024 Pulitzer Prize for her writing.

We've built on the success of last year's program and are offering an equally dynamic lineup this year. From navigating the nuances of estate planning in multigenerational families to understanding the delicate balance of fiduciary duties in the context of evolving family businesses, "Roots, Branches, and Wings: Risks and Rewards of Generational Wealth" will provide actionable takeaways that are grounded in real-world experiences and expert guidance.

Beyond the educational sessions, this CLE will also offer networking opportunities. We've structured the event to encourage meaningful interactions between attendees, speakers, and panelists. Whether during the Q&A portions of our sessions or in the breakout networking events, you'll have the chance to engage with top-tier professionals shaping the future of fiduciary law and wealth management.

For those who attended last year, we look forward to seeing you again. For newcomers, we can't wait to welcome you to a community of like-minded professionals.

Mark your calendars for November 14 and see you there!

– Denise S. Rahne and Steven K. Orloff

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to Register!**



Q&A with **ALAN HARTER,**

FOUNDER OF PACTOLUS
PRIVATE WEALTH MANAGEMENT



Alan Harter is the founder and CEO of Pactolus, a platform dedicated to knowledge-sharing and bespoke solutions tailored for discerning entrepreneurs and their high-net-worth families. Founded in 2011, Pactolus is dedicated to empowering families to effectively manage their wealth and shape enduring legacies. Alan is committed to philanthropy and supporting causes such as child welfare, education, literacy, job training, food security, and environmental preservation.

Alan sat down with New York business litigation partner Gabe Berg to discuss the unique approach of Pactolus, the evolving trends in the wealth management industry, and the importance of maintaining strong client relationships. Learn more when he joins Robins Kaplan as one of the keynote speakers at our 2024 CLE event, “Roots, Branches, and Wings: Risks and Rewards of Generational Wealth” on November 14.

GB: How would you describe your business to people who are not in the wealth management industry?

AH: Pactolus as a firm is very different than most multifamily offices. Inasmuch as the way we originally organized in January 2011—and continue to be organized—is, we are truly a firm built by families for families. What I mean by that specifically, is you have family shareholders in the Pactolus, business, side by side with us. We are in virtually every investment together with the families.

The investment sourcing is largely from either direct business industries that we and the families have knowledge of, or relationships in, or with trusted partners. About 97% of every dollar that we’ve invested over the last 13-14 years has come that way, so we rarely raise third-party money. We are unique in that way.

When we started in 2011 there were few, if any, truly collaborative, multifamily office models like this, where the clients had a seat at the table in the business as partners. Our families can decide who joins Pactolus because any referrals or relationships that come into Pactolus go through an advisory committee, including the clients, the family members, and they’re interviewed by these clients to see if they are a good fit. Again, this is the uniqueness of our model.

GB: What is one of your proudest professional moments?

AH: Probably the early days—and then Covid took the momentum out of this. We used to have some amazing gatherings of the family members and the Pactolus team that were typically hosted at a family home. When it first started, the event rotated, beginning locally in 2011 in Leesburg, Virginia, and then expanding to many locations, including Sea Island, London, and New York.

Some of the proudest professional moments we’ve had have been around those gatherings. I was very proud of my team and all the work they did to coordinate and bring it all together, including the incredible environment that was created. The energy in the room was electric. In many cases, the family members themselves were the ones identifying the topics and speaking.

It made for a great professional success, and also made me proud of bringing everybody together and the environment it created— independent of the investments.

“The most important thing with technology is efficiency. While it does not drive investment advice, it does make managing capital markets much easier.”

GB: What is a common misconception about your job or industry?

AH: I think part of the misconceptions that you see from the industry involve the issue of conflict of interest. Is the advisor acting in your best interest? And there's a lot of debate around the fiduciary standard. But really, what is the incentive? How is the investor aligned with the advisor? How is the advisor compensated? Being able to articulate that clearly helps to avoid conflicts of interest. I think what we've done is overcompensate for our alignment to avoid conflicts because our economics are so directly tied to our families' success. I have not really seen it in other advisors to this degree.

GB: What are some emerging trends, including technological ones, in your industry that interest you?

AH: We've seen a large-scale movement toward independent advice. While families need the large financial institutions and large banks for their presence and longevity, we also see families migrating to much more boutique settings where the families, especially larger ones, back the boutiques, and the advisors curate their advice to the families.

The larger institutions have investment bankers, trust officers, etcetera, and each tries to bring a cohesive experience together. But oftentimes you have silos in large organizations, and everybody has their own deliverables and metrics. So, it's very different.

We also have seen huge changes in technology. Certainly, the most important thing with technology is efficiency. While it does not drive investment advice, it does make managing capital markets much easier.

We are seeing much more robust required financial reporting. The need for technology to be able to track multiple asset classes in multiple jurisdictions is starting to come about. You have to think about what you are doing to stay two or three steps ahead of the regulatory needs and requirements, and a lot of it's around disclosure. But that also can hamstring some creativity, as it relates to the type of investments that you're able to bring to the field, or how they're structured or conflict.

I don't see AI taking over the management of a family office. It'll supplement and be another resource. The reality is, with most families, you're not going to replace the value placed on relationships, and you'll never get that from technology. The value of true trusted partners will be the currency that persists.

“The reality is, you're not going to replace the value of relationships.”

GB: We have known each other a long time...

AH: Yeah, sorry about that...

GB: [laughs]. We have had many meals together in New York City. What is your favorite NYC restaurant?

AH: The first time we ate at L'Artusi. That was so good.

GB: It was, and so much fun. And boy, did we eat.

AH: Yeah, we ate like it was our last meal.

GB: Well, now we have just given away the secret, L'Artusi in the West Village. So, I hope everyone takes advantage of it. Well, hey, I appreciate all of this. I will see you in Minneapolis on November 14.

THE WEALTH DISPUTE NAVIGATOR: WHICH PROFILE ARE YOU?



Over the next two decades, reports are estimating that baby boomers will pass down a combined \$84.4 trillion in assets to younger generations. Dubbed the “Great Wealth Transfer,” this phenomenon is already underway and will impact millions of families. How the families will be impacted, what they decide to invest, and how the transfer affects family dynamics is yet to be revealed.

And speaking of generational-wealth transfers, perhaps you caught wind of the Murdoch family’s courtroom drama that’s unfolding like a prime-time soap opera in Nevada. At the heart of the saga, we have the family patriarch, Rupert Murdoch, refusing to go gently into the night. The nonagenarian petitioned to revoke the provisions of the family’s irrevocable trust, aiming to pass the scepter of the Murdoch empire—featuring the crown jewel, Fox News—directly to his favorite knight, eldest son Lachlan. In doing so, he is claiming that such a change will be in the interest of all the trust beneficiaries—including three of his other children, James, Elisabeth, and Prudence.

Rupert’s big pitch? He claims that by crowning Lachlan as king, he’ll secure the empire’s conservative soul and dodge endless squabbles over who gets to sit on the throne next, thus preserving the realm’s riches for all his progeny.

But Rupert’s maneuver hasn’t exactly been met with group hugs and high fives from his other heirs. Indeed, his three other offspring, who were supposed to split the kingdom equally with Lachlan, are crying foul over Dad’s playbook. Indeed, they hired Cravath to help them oppose Rupert’s efforts, so they are not messing around.

Take our quiz, test your knowledge, and give us your thoughts on the squabble. Attend our CLE on November 14, 2024, compare notes with other attendees, and find out who shares your thoughts on the matter and whose predictions prevailed.

1. CHOOSE YOUR SIDE! WHICH MURDOCH WOULD YOU REPRESENT OR ADVISE IF YOU WERE THROWN INTO THIS SAGA?

- A.** Rupert and Lachlan Murdoch - The patriarch juggling the family and the empire and his chosen successor.
- B.** James Murdoch - The wildcard with differing views from his father.
- C.** Elisabeth Murdoch - The entrepreneur who might just outsmart them all.
- D.** The Professional Trustee - The party stuck in the middle.

2. PLOT TWIST ANTICIPATION: WHAT'S YOUR BET ON THE MOST LIKELY PLOT TWIST?

- A. An unexpected reconciliation amid the legal battle.
- B. A dramatic courtroom revelation that changes the course of the lawsuit.
- C. Rupert dies, mooting the pending trust question—but likely leading to other litigation.
- D. A shift in alliances by an heir seeking to act as peacemaker.

3. FUTURE OF THE EMPIRE: HOW DO YOU SEE THE EMPIRE EVOLVING POST-DISPUTE?

- A. A smoothly running Murdoch empire post-litigation, stronger than ever.
- B. A fracturing of the empire, leading to spin-offs and sell-offs.
- C. A transition to non-family management.
- D. No significant change; the empire marches on with its usual level of drama and controversy.

4. WHO'S COMING OUT ON TOP? WHO WILL COME OUT ON TOP IN THE MURDOCH POWER STRUGGLE?

- A. Rupert Murdoch and Lachlan.
- B. James and his sisters.
- C. Elisabeth steps in as a compromise leader.
- D. No one—whoever “wins” ends up destroying the empire and no one is happy.

5. THE JUDGE'S GAVEL: IF YOU WERE THE JUDGE, HOW WOULD YOU RESOLVE THE DISPUTE?

- A. Rule in favor of Rupert and Lachlan—the trust can be changed to give Lachlan control.
- B. Rule against Rupert and Lachlan—the trust stays as is.
- C. Delay until Rupert dies, mooting the question before you.
- D. You'll follow the law (wherever you determine that to lead), but you will take the opportunity to tell the entire family what you think about the “legacy” they are leaving.

6. CHOOSE YOUR OWN ADVENTURE: WHAT ROLE WOULD YOU WANT TO PLAY IN THIS HIGH-PROFILE SAGA?

- A. Lead counsel or advisor for one of the parties.
- B. The judge presiding over the case.
- C. The trustee of the Murdoch family trust.
- D. Journalist reporting on this.



YOUR RESULTS! WHICH ONE ARE YOU?

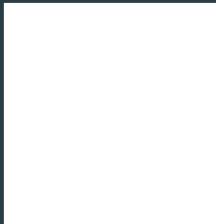
MOSTLY As: You are a fighter. You are not afraid of taking on an uphill battle—even if your clients appear greedy and unsympathetic.

MOSTLY Bs: You are an infracaninophile—someone who supports the apparent underdog. Of course, underdogs are all relative when you are fighting over billions of dollars.

MOSTLY Cs: You are a pragmatist. You try to find ways to resolve a matter that might not leave either side very happy, but it might be for the common good.

MOSTLY Ds: You are a peacemaker who has tried to stay neutral but are disgusted by the whole saga.

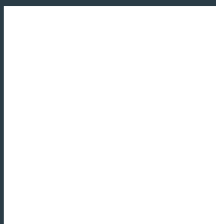
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GABRIEL BERG is a partner in Robins Kaplan's New York office. A true trial lawyer, he has tried numerous complex commercial jury trials, bench trials and arbitrations, as plaintiffs and defendants across a broad range of business sectors. Over the course of his 25-year career, Gabriel has tried cases involving high-stakes claims for breach of contract, breach of fiduciary duty, fraud, misappropriation of trade secrets, patent infringement and others. He can be reached at GBerg@RobinsKaplan.com.

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ERICA ROSENBAUM is an associate in the firm's business litigation group, where her practice focuses on complex commercial and healthcare litigation. Since joining the firm last fall, Erica has become a go-to associate for drafting appellate and dispositive motion briefing, and she has already cut her teeth at trial by serving as an integral member of two trial teams in disputes worth millions of dollars. Prior to joining Robins Kaplan, she spent two years as a judicial law clerk for Chief Judge Patrick J. Schiltz in the U.S. District Court for the District of Minnesota, and she also litigated at another local law firm. Erica is deeply committed to *pro bono* work and has represented *pro bono* clients in the areas of immigration, housing, and civil rights. She can be reached at ERosenbaum@RobinsKaplan.com.

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